

INTERNATIONAL NARCOTICS: THE THREAT

The worldwide drug trade is evolving in ways that make it a more formidable threat, despite intensifying eradication and other traditional control efforts in key producing and trafficking countries.

- o The cultivation of drug crops continues to expand and spread to new areas in response to rising worldwide demand. The most alarming increases have been in coca cultivation; South America's 1987 coca crop (chart) could produce nearly 400 tons of cocaine--roughly four times current estimated US demand. 25X1
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- o The drug industry is becoming transnational and more sophisticated as trafficking networks expand to service growing markets in Europe, Asia, and South America. Cocaine traffickers in particular are developing new smuggling techniques such as concealing their shipments in containers, which makes interdiction more difficult.
- o Drug trafficking organizations are translating their soaring profits into political and economic power. They intimidate and corrupt governments, shape government policy, and influence public opinion. Although we know the names and basic dimensions of most of the organizations, we are just beginning the long process of research and hard work that will give us the detailed understanding needed to find their vulnerabilities.
- o International awareness of the narcotics threat is growing, and many countries are fighting back (graphic). Eradication and enforcement programs frequently are undermined by resource shortages, mismanagement, and corruption. Nevertheless, promising options such as regional cooperation and legal reforms are beginning to show promise of inflicting permanent damage to the drug trade over the long term. 25X1

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I. Drug Cultivation Trends

1. Opium production up in all producing countries (chart)
2. Coca cultivation expanding in Bolivia, Peru, and Colombia (chart)
3. Marijuana cultivation down worldwide; Jamaica a success story (chart)
4. Overall cultivation is spreading to countries and areas outside of traditional growing regions

II. Trafficking and Distribution Networks

1. Proliferating markets encouraging increased trafficking (map)
2. Size and sophistication of trafficking distribution has increased
3. Traffickers moving into areas beyond reach of local authorities or under control of regimes hostile to the West
4. New smuggling strategies (chart)

III. Expanding Power of Drug Organizations

1. Soaring profits are the basis of their power
2. Intimidating governments and shaping policy
3. Influencing public opinion
4. Corrupting judicial and law enforcement officials
5. Wielding economic power

IV. Status of Government Control Programs

1. Eradication
2. Interdiction
3. Enforcement
4. Legal reforms

V. CIA's Antinarcotics Effort

1. The role of the Directorate of Intelligence
2. The role of the Directorate of Operations
3. Debunking popular myths

VI. Annexes

1. Drug organizations
2. Key country profiles
3. Corruption of foreign officials
4. Chronology of violence

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INTERNATIONAL TRADE FRICTIONS: KEY ISSUES AND PLAYERS

A number of multilateral and bilateral trade issues confront the United States that will require close attention and high-level policy decisions.

I. Multilateral Issues

GATT--The United States faces strong resistance from the EC and LDCs on important issues that will determine whether or not the Round is successful from the US perspective.

Export Controls--COCOM--Sanctions provisions of the US Omnibus Trade Bill are likely to precipitate considerable dismay abroad.

II. Bilateral Issues

Japan--While Japan has removed many formal trade barriers, many informal ones remain.

European Community--While US-Japan trade frictions have declined some, those with the EC have risen. EC subsidies for Airbus continue and there is widespread concern that the EC will erect Community-wide trade barriers in the course of creating its open internal market.

US-Canada Free Trade Agreement--The US-Canada FTA is being jeopardized by Canadian opponents to the Agreement.

Brazil--US-Brazil trade tensions continue over threatened US sanctions against Brazil for lack of intellectual property protection for pharmaceuticals, Brazil's prohibition against computer and software imports, and Brazil's action in GATT against the United States over shoe-import restraints.

China--There is concern over the extent to which China will take strategic advantage of eased export controls, as well as over a potential surge in Chinese textile and clothing exports.

Less Developed Countries (LDCs)

- o Newly Industrialized Economies in East Asia--South Korea, Taiwan, Hong Kong, Singapore--have continued to exacerbate trade tensions because of their substantial trade surpluses, under-valued exchange rates, and trade barriers.
- o In contrast, gloomy trade prospects elsewhere in the Third World are aggravating tenuous debt and development situations.

III. US Omnibus Trade Bill

- o Foreign reaction to passing of the Omnibus Trade Bill has been negative with several US trading partners threatening retaliation if the Bill is implemented aggressively.

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